

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

WESTERN MASSACHUSETTS ELECTRIC COMPANY

D.T.E. 01-99

FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO
WESTERN MASSACHUSETTS ELECTRIC COMPANY

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy (“Department”) submits to Western Massachusetts Electric Company (“WMECo” or “Company”) the following Information Requests:

Instructions

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Company or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term “provide complete and detailed documentation” means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.
5. The term “document” is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which

information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.

6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. Please serve a copy of the responses on Mary Cottrell, Secretary of the Department and on all parties; also submit two (2) copies of the responses to Jesse S. Reyes, Hearing Officer and one (1) copy each to Serhat Guney, Analyst; Joseph Tiernan, Analyst; and James Byrnes, Analyst; on three hole punch paper.
8. In addition to filing, all non-proprietary responses are to be submitted by e-mail to dte.efiling@state.ma.us, to Department staff as provided in the latest distribution list, and to the e-mail address of any party required to be served.

INFORMATION REQUESTS

DTE-WMECo 1-1 Comparing Exhibit RAS-1 and Exhibit RAS-2:

- (a) Please explain why the amounts in Exhibit RAS-1, row 5 ("Total Capacity Expense") and in Exhibit RAS-2, row 5 ("Total Capacity Expense") differ.
- (b) Please explain why the amounts in Exhibit RAS-1, row 6 ("Fuel Amortization") and Exhibit RAS-2, row 6 ("Fuel Amortization") differ.

DTE-WMECo 1-2 Please compare "Assumed Market Prices" (Exhibit RAS-1, row 15; Exhibit RAS-2, row 15) with PPA prices (Testimony of Richard A Soderman at page 9; Exhibit RAS-4, exh. B at page 23). Please also indicate the extent of WMECo's share of the above-market portion of PPA for 2002-2012.

DTE-WMECo 1-3 Please explain how the Assumed Market Prices in Exhibits RAS-1 and RAS-2 are forecasted by identifying the model and its assumptions. Please also explain how the Henwood price curve is used in this calculation.

DTE-WMECo 1-4 Please refer to the Testimony of Richard A. Soderman at page 8: "[U]nder the PPA, Vermont Yankee will not commit to pay Entergy's

cost of service. Instead, Vermont Yankee will only pay a fixed price for electricity actually delivered.”

- (a) Please explain why Total Capacity Expense and Fuel Amortization are included as part of the Total Cost of Agreement (Exhibit RAS-2, row 9).
- (b) Please describe in complete detail “the continuing liabilities under the PSA and PPA (other than power costs)” referred to in the Testimony of Richard A. Soderman at page 10. Are these liabilities included in the “fixed price for electricity delivered”? Please quantify these liabilities.

DTE-WMECo 1-5

Please refer to the Testimony of Richard A. Soderman at page 9, regarding the low-market adjustment mechanism (“LMA”).

- (a) Please show how LMA mechanism operates based on the high and low ranges of market prices forecasted for the term of the PPA.
- (b) What is the spread between the market price and the scheduled PPA price before the LMA mechanism is triggered?
- (c) What is the spread between market prices and the PPA price as adjusted by the LMA mechanism?
- (d) For how long would a LMA adjusted price apply, and how often would the price be adjusted?

DTE-WMECo 1-6

Please refer to the Testimony of Richard A. Soderman at page 11. The Company states that the sale price of the Vermont Yankee Station “will be credited to Sponsors and shareholders.” How much of this price will be credited to the Company?

DTE-WMECo 1-7

Please state the basis for the discount rate used in Exhibits RAS-1 and RAS-2. Provide complete and detailed documentation to support your response.

DTE-WMECo 1-8

Please explain why the Company committed to buy back power from the Vermont Yankee Station over the next 12 years, given that standard offer service terminates in 2004 and default service is expected to be procured

competitively? Please explain how the Company plans to use this power over the next 12 years.

- DTE-WMECo 1-9 What is the transaction cost of the 2001 Amendatory Agreement negotiated between the Company and Vermont Yankee? How does the Company propose to account for this cost?
- DTE-WMECo 1-10 Please refer to the Testimony of Richard A. Soderman at page 11, lines 9 through 15. Please explain what is meant by the sentence, "The proposed agreement will reduce WMECO's risk associated with generation and reduce or make fixed transition costs that are now in the variable portion of the transition charge."
- DTE-WMECo 1-11 Please refer to Exhibit RAS-1, lines 12 to 14. The MWHs produced fluctuates from year to year in a somewhat inconsistent pattern.
- (a) Please explain the major reasons for such projected fluctuations.
 - (b) Please explain how, and to what extent, these projected fluctuations are consistent with fluctuations over the previous ten years.
- DTE-WMECo 1-12 Please refer to Exhibit RAS-4, page 16 ("Contingent Option to Terminate Purchase").
- (a) Please explain the process and circumstances under which Vermont Yankee may terminate the 2001 Amendatory Agreement.
 - (b) Does the Company have an option to terminate the contract independent from Vermont Yankee's option? Please explain.
- DTE-WMECo 1-13 Please refer to Exhibit RAS-4, page 13 (2001 Amendatory Agreement). Please identify all costs included in Closing Net Unit Investment.
- DTE-WMECo 1-14 Please refer to Exhibit RAS-4, page 13 (2001 Amendatory Agreement). Please identify all costs included in Total Transaction Costs Obligation.
- DTE-WMECo 1-15 Please refer to Exhibit RAS-4, page 13 (2001 Amendatory Agreement). Please identify all costs included in Total Sale Costs Obligation.

- DTE-WMECo 1-16 Please refer to Exhibit RAS-4, page 13 (2001 Amendatory Agreement). Please identify all costs included in Total Operating Expenses.
- DTE-WMECo 1-17 Please refer to Exhibit RAS-4, page 13 (2001 Amendatory Agreement). Please identify all costs included in PSA Obligations.
- DTE-WMECo 1-18 Please refer to Exhibit RAS-4, page 13 (2001 Amendatory Agreement). Please identify all costs included in Total Revolver Costs.
- DTE-WMECo 1-19 Please refer to Exhibit RAS-1, row 16 and Exhibit RAS-2, row 16. Please explain why the figures provided in row 16 do not correspond to the equation given on that line ("line 14 x line 15").
- DTE-WMECo 1-20 Please provide a table indicating annual transition costs, from the year 1998 to the year 2012, stating the total transition costs previously approved by the Department, as well as the amounts attributable to each of the components of transition costs. In addition, please provide pro forma calculations of transition costs (and their components), if the 2001 Amendatory Agreement is approved as filed.

Dated: January 23, 2002

_____/s
Jesse S. Reyes, Hearing Officer